

No. 4467

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**
and
**UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND**

Guarantee Agreement—*Rhodesia Railways Project* (with annexed Loan Regulations No. 4 and Loan Agreement —*Rhodesia Railways Project*—between the Bank and the Federation of Rhodesia and Nyasaland). Signed at New York, on 16 June 1958

Official text: English.

Registered by the International Bank for Reconstruction and Development on 11 August 1958.

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT**
et
**ROYAUME-UNI DE GRANDE-BRETAGNE
ET D'IRLANDE DU NORD**

Contrat de garantie — *Projet relatif aux chemins de fer de Rhodésie* (avec, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt — *Projet relatif aux chemins de fer de Rhodésie* — entre la Banque et la Fédération de Rhodésie et du Nyassaland). Signé à New-York, le 16 juin 1958

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 11 août 1958.

No. 4467. GUARANTEE AGREEMENT¹ (*RHODESIA RAILWAYS PROJECT*) BETWEEN THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT NEW YORK, ON 16 JUNE 1958

AGREEMENT, dated June 16, 1958, between UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement of even date herewith between The Federation of Rhodesia and Nyasaland (hereinafter called the Borrower) and the Bank, which agreement (including the schedules therein referred to) is hereinafter called the Loan Agreement,² the Bank has agreed to make to the Borrower a loan in various currencies in an aggregate principal amount equivalent to nineteen million dollars (\$19,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee such loan as hereinafter provided; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to guarantee such loan as hereinafter provided;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

Section 1.01. The parties to this Guarantee Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated June 15, 1956,² subject, however, to the modifications thereof set forth in Schedule 3³ to the Loan Agreement (such Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

¹ Came into force on 26 June 1958, upon notification by the Bank to the Government of the United Kingdom of Great Britain and Northern Ireland.

² See p. 44 of this volume.

³ See p. 58 of this volume.

Article II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this Agreement contained, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest and other charges on, the Loan, the principal of and interest on the Bonds, and the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, all as provided in the Loan Agreement and the Bonds.

Section 2.02. Whenever there is reasonable cause to believe that the Borrower will not have sufficient funds to carry out or cause to be carried out the Project in accordance with the Loan Agreement, the Guarantor will, in consultation with the Bank and the Borrower, take appropriate measures to assist the Borrower to obtain the additional funds necessary therefor.

Article III

Section 3.01. It is the mutual understanding of the Guarantor and the Bank that, except as otherwise herein provided, the Guarantor will not grant in favor of any external debt any preference or priority over the Loan. To that end, the Guarantor undertakes that, except as otherwise herein provided or as shall be otherwise agreed between the Guarantor and the Bank, if any lien shall be created on any assets or revenues of the Guarantor as security for any external debt, such lien shall equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision shall be made to that effect. This Section shall not apply to the following :

- (a) the creation of any lien on any property purchased at the time of the purchase, solely as security for the payment of the purchase price of such property;
- (b) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods; or
- (c) any pledge by or on behalf of the Guarantor of any of its assets in the ordinary course of banking business to secure any indebtedness maturing not more than one year after its date.

For the purposes of this Section, the expression "assets or revenues of the Guarantor" shall include assets or revenues of any territorial subdivision of the Guarantor which has power to raise revenues by taxation and to charge such revenues or any of its assets as security for external debt.

Section 3.02. (a) The Guarantor and the Bank shall cooperate fully towards achievement of the purposes of the Loan. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

(b) The Guarantor and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Guarantor shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) Within the limits of its constitutional powers, the Guarantor shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Guarantor (including those of the Borrower) for purposes related to the Loan.

Section 3.03. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes or fees imposed under the laws of the Guarantor; provided, however, that the provisions of this Section shall not apply to taxation of, or fees upon, payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 3.04. This Agreement, the Loan Agreement and the Bonds shall be free from any taxes or fees that shall be imposed under the laws of the Guarantor on or in connection with the execution, issue, delivery or registration thereof.

Section 3.05. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions now or at any time hereafter imposed under the laws of the Guarantor.

Article IV

Section 4.01. The Guarantor shall endorse, in accordance with the provisions of the Loan Regulations, its guarantee on the Bonds to be executed and delivered by the Borrower. The Secretary of the Treasury of the Guarantor and such person or persons as he shall designate in writing are designated as the authorized representatives of the Guarantor for the purposes of Section 6.12 (b) of the Loan Regulations.

Article V

Section 5.01. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Guarantor :

H.M. Treasury
Treasury Chambers
Great George Street
London, S.W. 1, United Kingdom

Alternative address for cablegrams and radiograms :

Profelist
London

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington 25, D. C.
United States of America

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D. C.

Section 5.02. The Ambassador of the Guarantor to the United States is designated for the purposes of Section 8.03 of the Loan Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee Agreement to be signed in their respective names, and to be delivered in the City of New York, State of New York, United States of America, as of the day and year first above written.

United Kingdom of Great Britain and Northern Ireland :

By Harold CACCIA
Authorized Representative

International Bank for Reconstruction and Development :

By Davidson SOMMERS
Vice President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 JUNE 1956

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO BORROWERS OTHER THAN
MEMBER GOVERNMENTS

[Not published herein. See *United Nations, Treaty Series, Vol. 260, p. 376.*]

LOAN AGREEMENT (*RHODESIA RAILWAYS PROJECT*)

AGREEMENT, dated June 16, 1958, between THE FEDERATION OF RHODESIA AND NYASALAND (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS the Rhodesia Railways is engaged in a program for the development of its railway facilities and for that purpose requires certain financial assistance;

WHEREAS the Borrower has requested the Bank to grant a loan to it, the proceeds of which are to be used to assist the Rhodesia Railways in financing a portion of its requirements;

WHEREAS the Borrower, concurrently with such loan, intends to sell an issue of its bonds in the aggregate principal amount of \$6,000,000 in the markets of the United States of America; and

WHEREAS the Bank has agreed to make a loan to the Borrower upon the terms and conditions hereinafter set forth, but only on condition that the United Kingdom agree to guarantee such loan as provided in the Guarantee Agreement;¹

NOW THEREFORE it is hereby agreed as follows :

Article I

LOAN REGULATIONS; SPECIAL DEFINITIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated June 15, 1956,² subject, however, to the modifications thereof set forth in Schedule 3³ to this Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

¹ See p. 36 of this volume.

² See above.

³ See p. 58 of this volume.

Section 1.02. Except where the context otherwise requires, the following terms have the following meanings wherever used in this Loan Agreement :

The term " Rhodesia Railways " means the Rhodesia Railways, incorporated by the Rhodesia Railways Act, 1949, of Southern Rhodesia, as amended, and shall include any other or successor agency which may be charged with the carrying out of the Project or any part thereof.

The term " public bond issue " means the issue intended to be sold by the Borrower of its bonds in the aggregate principal amount of \$6,000,000 in the markets of the United States of America.

The term " Rhodesian pounds " and the sign " Rh. £ " mean pounds in the currency of the Borrower.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to nineteen million dollars (\$19,000,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time. Such commitment charge shall accrue from a date sixty days after the date of this Agreement to the respective dates on which amounts shall be withdrawn by the Borrower from the Loan Account as provided in Article IV of the Loan Regulations or shall be cancelled pursuant to Article V of the Loan Regulations.

Section 2.04. The Borrower shall pay interest at the rate of five and three-eighths per cent ($5\frac{3}{8}\%$) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.05. Except as the Bank and the Borrower shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ($\frac{1}{2}$ of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

Section 2.06. Interest and other charges shall be payable semi-annually on May 1 and November 1 in each year.

Section 2.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1¹ to this Agreement.

¹ See p. 56 of this volume.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied exclusively to financing the cost of goods required to carry out the Project described in Schedule 2¹ to this Agreement. The specific goods to be financed out of the proceeds of the Loan shall be determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

Section 3.02. The Borrower shall cause all goods financed out of the proceeds of the Loan to be used in the territories of the Borrower exclusively in the carrying out of the Project.

Article IV

BONDS

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 4.02. The Minister of Finance of the Borrower and such person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 (a) of the Loan Regulations.

Article V

PARTICULAR COVENANTS

Section 5.01. (a) The Borrower shall carry out or cause to be carried out the Project with due diligence and efficiency and in conformity with sound engineering and financial practices.

(b) The Borrower shall make the proceeds of the Loan available to the Rhodesia Railways for purposes of the Project on terms and conditions satisfactory to the Bank.

(c) The Borrower shall cause to be maintained the plant, equipment and other property of the Rhodesia Railways and shall cause to be made all necessary renewals and repairs thereof, all in accordance with sound engineering practices; and shall at all times cause such plant, equipment and property to be operated in accordance with sound railway and business practices.

(d) The Borrower shall furnish or cause to be furnished to the Bank, promptly upon their preparation, the plans and specifications for the Project and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.

(e) The Borrower shall maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the

¹ See p. 56 of this volume.

operations and financial condition of the Rhodesia Railways; shall enable the Bank's representatives to inspect the Project and all facilities operated by the Rhodesia Railways, the goods and any relevant records and documents; and shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project and all facilities operated by the Rhodesia Railways, the goods, all financial transactions between the Borrower and the Rhodesia Railways and the operations and financial condition of the Rhodesia Railways.

Section 5.02. (a) The Borrower and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(b) The Borrower and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) The Borrower shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Borrower for purposes related to the Loan.

Section 5.03. It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to : (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; (ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods; or (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term "assets of the Borrower" as used in this Section includes assets of the Borrower or of any of its political subdivisions or of any agency of the Borrower or of any such political subdivision, including the Bank of Rhodesia and Nyasaland.

Section 5.04. The Loan Agreement, Guarantee Agreement and the Bonds shall be free from any taxes or fees that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, issue, delivery or

registration thereof and the Borrower shall pay or cause to be paid all such taxes and fees, if any, imposed under the laws of the country of countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries.

Section 5.05. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes or fees imposed under the laws of the Borrower or laws in effect in its territories; provided, however, that the provisions of this Section shall not apply to taxation of, or fees upon, payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Borrower.

Section 5.06. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions imposed under the laws of the Borrower or laws in effect in its territories.

Section 5.07. The Borrower shall satisfy the Bank that adequate arrangements have been made to insure the goods financed out of the proceeds of the Loan against risks incident to their purchase and importation into the territories of the Borrower.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in paragraph (a), paragraph (b), paragraph (e) or paragraph (f) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

Article VII

EFFECTIVE DATE; TERMINATION

Section 7.01. The following event is specified as an additional condition to the effectiveness of this Agreement within the meaning of Section 9.01 (a) (ii) of the Loan Regulations, namely, that the Borrower shall have duly delivered and received payment for the \$6,000,000 aggregate principal amount of bonds of the public bond issue.

Section 7.02. A date 60 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

Article VIII

MISCELLANEOUS

Section 8.01. The Closing Date shall be June 30, 1961.

Section 8.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Federal Treasury
P.O. Box 8137, Causeway
Salisbury
Southern Rhodesia

Alternative address for cablegrams and radiograms :

Fedfinance
Salisbury, Southern Rhodesia

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington 25, D. C.
United States of America

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D. C.

Section 8.03. The Governor-General in Council of the Borrower is designated for the purposes of Section 8.03 (A) of the Loan Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names and delivered in the City of New York, State of New York, United States of America, as of the day and year first above written.

The Federation of Rhodesia and Nyasaland :

By H. CAMPBELL BALLINGALL
Authorized Representative

International Bank for Reconstruction and Development :

By Davidson SOMMERS
Vice President

SCHEDULE 1

AMORTIZATION SCHEDULE

<i>ate Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>
November 1, 1961.	\$420,000	May 1, 1969	\$625,000
May 1, 1962	431,000	November 1, 1969	642,000
November 1, 1962.	443,000	May 1, 1970	659,000
May 1, 1963	455,000	November 1, 1970.	677,000
November 1, 1963.	467,000	May 1, 1971	695,000
May 1, 1964	480,000	November 1, 1971.	714,000
November 1, 1964.	492,000	May 1, 1972	733,000
May 1, 1965	506,000	November 1, 1972.	753,000
November 1, 1965.	519,000	May 1, 1973	773,000
May 1, 1966	533,000	November 1, 1973.	794,000
November 1, 1966.	548,000	May 1, 1974	815,000
May 1, 1967	562,000	November 1, 1974.	837,000
November 1, 1967.	577,000	May 1, 1975	859,000
May 1, 1968	593,000	November 1, 1975.	883,000
November 1, 1968.	609,000	May 1, 1976	906,000

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.02), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity	1/2 %
More than three years but not more than six years before maturity	1 3/8 %
More than six years but not more than eleven years before maturity	2 3/8 %
More than eleven years but not more than fourteen years before maturity	3 3/8 %
More than fourteen years but not more than sixteen years before maturity	4 3/8 %
More than sixteen years before maturity	5 3/8 %

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project is part of a program of the Rhodesia Railways for the development of its railway facilities scheduled to be completed by June 30, 1962, and estimated to cost approximately Rh. £45,000,000. The Project consists of :

(A) The strengthening and improvement of permanent way and bridges, including the relaying of track with heavier rails. This part of the Project is scheduled to be carried out by December 31, 1960, and is estimated to cost approximately Rh. £6,000,000.

(B) The following items included in that part of the program scheduled to be carried out by June 30, 1960 :

- (i) the acquisition of locomotives, boilers and rolling stock;
- (ii) the extension of centralized traffic control over additional sections of main line;
- (iii) the remodelling, modernization and expansion of yard facilities, sidings and crossings;
- (iv) the modernization and expansion of repair shop facilities;
- (v) the construction of staff quarters and of other necessary buildings and the modernization and expansion of various other railway facilities.

This part of the Project is estimated to cost approximately Rh. £19,000,000.

SCHEDULE 3

MODIFICATIONS OF LOAN REGULATIONS NO. 4

For the purposes of this Agreement the provisions of Loan Regulations No. 4 of the Bank, dated June 15, 1956, shall be deemed to be modified as follows :

- (i) By the deletion of Section 2.02.
- (ii) By the deletion of the last sentence of Section 4.01 and the substitution therefor of the following sentence :

“Except as shall be otherwise agreed between the Bank and the Borrower, no withdrawals shall be made on account of (a) expenditures prior to January 1, 1958 or (b) expenditures in the currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower or (c) expenditures in the territories of any country which is not a member of the Bank or for goods produced in (including services supplied from) such territories.*”

- (iii) By the deletion of subparagraphs (b), (d), (e) and (f) of Section 5.02 and the substitution therefor respectively of the following subparagraphs :

“(b) A default shall have occurred in the payment of principal or interest or any other payment required under any other loan agreement or under any guarantee agreement between the Borrower and the Bank or under any loan agreement or under any guarantee agreement between the Guarantor and the Bank.”

“(d) An extraordinary situation shall have arisen which shall make it improbable that the Borrower or the Guarantor will be able to perform its obligations under the Loan Agreement or the Guarantee Agreement, or there shall occur any such change in the nature and constitution of the Borrower as shall make it improbable that the Borrower will be able to carry out its obligations under the Loan Agreement.”

“(e) The Borrower shall, without the prior consent of the Bank, have taken or permitted to be taken any action or proceeding whereby any substantial part of the undertaking of the Rhodesia Railways shall or may be assigned or in any manner transferred or delivered to any other person, or whereby any property of the Rhodesia Railways shall or may be distributed among its creditors.”

“(f) The Borrower or any governmental authority having jurisdiction shall, without the prior consent of the Bank, have taken any action for the dissolution or disestablishment of the Rhodesia Railways or for the suspension of its operations.”

(iv) By the deletion of Section 5.03 and the substitution therefor of the following new Section :

“SECTION 5.03. *Cancellation by the Bank.* If the right of the Borrower to make withdrawals from the Loan Account shall have been suspended for a continuous period of thirty days, or if the Borrower shall not at the Closing Date have withdrawn from the Loan Account the full amount of the Loan, the Bank may by notice to the Borrower terminate the right of the Borrower to make withdrawals from the Loan Account. Upon the giving of such notice the unwithdrawn amount of the Loan shall be cancelled.”

(v) By the deletion of the last sentence of Section 7.04 (k) and the substitution therefor of the following sentence :

“Notwithstanding the foregoing, this Section shall not authorize any entry of judgment or enforcement of the award against the Borrower or Guarantor (as the case may be) except as such procedure may be available against the Borrower or Guarantor (as the case may be) otherwise than by reason of the provisions of this Section.”

(vi) By the deletion of the first sentence of Section 7.04 (l) and the substitution therefor of the following sentence :

“(l) Service of any notice or process in connection with any proceeding under this Section or in connection with any proceeding to enforce any award rendered pursuant to this Section may be made upon the Bank and to the extent that such proceeding is available against the Borrower or Guarantor) upon the Borrower or Guarantor in the manner provided in Section 8.01.”

(vii) By the insertion, after Section 8.03, of the following new Section :

“SECTION 8.03 (A). *Action on behalf of Borrower.* Any action required or permitted to be taken, and any documents required or permitted to be executed, under the Loan Agreement on behalf of the Borrower may be taken or executed by the representative of the Borrower designated in the Loan Agreement for the purposes of this Section or any person thereunto authorized in writing by him. Any modification or amplification of the provisions of the Loan Agreement may be agreed to on behalf of the Borrower by written instrument executed on behalf of the Borrower by the representative so designated or any person thereunto authorized in writing by him; provided that, in the opinion of such representative, such modification or amplification is reasonable in the circumstances and will not substantially increase the obligations of the Borrower under the Loan Agreement. The Bank may accept the execution by such representative or other person of any such instrument as conclusive evidence that in the opinion of such representative any modification or amplification of the provisions of the Loan Agreement effected by such instrument is reasonable in the circumstances and will not substantially increase the obligations of the Borrower thereunder.”

(viii) By the deletion of the second sentence in paragraph 8 of Section 10.01.

(ix) By the deletion, in paragraph 13 of Section 10.01, of the word " Guarantor " and the substitution therefor of the word " Borrower ".

(x) By the deletion of paragraph 14 of Section 10.01 and the substitution therefor of the following paragraph :

" 14. Where used in Section 3.01 of the Guarantee Agreement, the term ' external debt ' means any debt payable in any medium other than currency of the Guarantor, whether such debt is payable absolutely or at the option of the creditor in such other medium; and, where used in Section 5.03 of the Loan Agreement, the term ' external debt ' means any debt payable in any medium other than currency of the Borrower, whether such debt is payable absolutely or at the option of the creditor in such other medium."

(xi) By the deletion of the eighth paragraph of the Form of Bond set forth in Schedule 1 and the seventh paragraph of the Form of Bond set forth in Schedule 2 and the substitution therefor, in each such Schedule, of the following paragraph :

" The principal of the Bonds, the interest accruing thereon and the premium, if any, on the redemption thereof shall be paid without deduction for and free from any taxes, imposts, levies or duties of any nature or any restrictions now or at any time hereafter imposed under the laws of [name of Guarantor], or of [the Borrower] or laws in effect in the territories of [the Borrower]; *provided, however, that the provisions of this paragraph shall not apply to taxation imposed (a) under the laws of [name of Guarantor] on or in connection with payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of [name of Guarantor] or (b) under the laws of [the Borrower] or laws in effect in its territories on or in connection with payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of [the Borrower].*"